# **Internal Service Funds/Miscellaneous Programs**

### **Appropriations Summary**

	14-15	15-16	15-16 Year End		16-17		17-18
	Actual	Amended	Projection	ı	Recommended	Re	commended
Employee Services	\$ 1,913,418	\$ 1,979,248	\$ 2,133,745	\$	2,217,097	\$	2,323,038
Supplies & Services	3,720,406	4,879,534	4,073,179		4,232,228		4,386,571
Capital Outlay	971,821	2,397,902	1,762,866		2,735,539		1,036,611
Debt Services	37,527	25,874	28,579		10,375		10,375
Internal Service	133,756	136,569	136,569		147,542		156,996
Transfers Out	-	29,367	29,368		37,208		19,288
Project Expenditure	95,512	24,713	12,428		-		-
TOTAL EXPENDITURES	\$ 6,872,442	\$ 9,473,206	\$ 8,176,734	\$	9,379,988	\$	7,932,879

	14-15	15-16	15-16 Year End		16-17		17-18
	Actual	Amended	Projection	R	ecommended	R	ecommended
EMPLOYEE ASSISTANCE	\$ 21,252	\$ 51,131	\$ 31,131	\$	41,188	\$	41,247
INFORMATION SERVICES	945,358	1,080,497	996,728		1,398,225		1,133,739
COMMUNICATIONS AND ENGAGEMENT	-	265,243	267,998		332,572		339,769
BUILDING MAINTENANCE - CCC	756,804	791,265	623,219		561,450		579,550
BUILDING MAINTENANCE - AC	770,943	807,602	729,567		761,708		757,773
BUILDING MAINTENANCE - CRC	552,990	633,820	606,788		665,821		657,995
BUILDING MAINTENANCE - PD	291,096	290,421	328,766		338,460		326,208
BUILDING MAINTENANCE - CIVIC CENTER CAMPUS							
(COUNCIL CHAMBER BUILDING, VILLAS, AND							
EXTERIOR GROUNDS)	202,782	379,159	428,664		255,518		255,841
BUILDING MAINTENANCE - CIVIC CENTER CAMPUS							
(CITY HALL/DEVELOPMENT SERVICES CENTER)	145,328	172,527	198,713		203,103		182,870
BUILDING MAINTENANCE - FRIENDLY INN	41,752	44,990	47,093		46,408		51,371
BUILDING MAINTENANCE - EL TORO YOUTH CTR	8,998	10,503	9,503		9,675		9,912
BUILDING MAINTENANCE - CORP YARD	86,968	111,252	93,865		157,331		217,328
BUILDING REPLACEMENT	289,283	267,737	162,928		1,088,700		356,500
UNEMPLOYMENT INS	19,668	36,050	20,000		20,000		20,400
WORKERS' COMP	628,203	1,048,570	675,477		792,948		808,807
EQUIPMENT REPLACEMENT	695,224	1,998,161	1,566,761		1,161,569		575,111
EMPLOYEE BENEFITS	548,274	412,000	516,400		537,056		558,538
GENERAL LIABILITY INSURANCE	867,521	1,072,279	873,133		1,008,256		1,059,920
TOTAL EXPENDITURES BY PROGRAM	\$ 6,872,442	\$ 9,473,206	\$ 8,176,734	\$	9,379,988	\$	7,932,879

FULL TIME EQUIVALENT EMPLOYEES	11.4700	11.4700	11.9200	11.6625	11.6625
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### **Employee Assistance Programs [240-2610]**

#### **ACTIVITY DESCRIPTION**

This fund supports various employee financial assistance programs. The FY 16-18 Biennial budget includes funding for the employee computer loan program. Through this program, an employee may borrow up to \$2,000 to purchase a computer system for home use. The employee repays the City through payroll deductions.

### FY 15-16 ACCOMPLISHMENTS

- Distributed roughly \$20,000 in loans for employee home computer purchase
- Collected an estimated \$24,000 in loan repayments

#### **ACTIVITY GOALS**

### FY 16-17 and 17-18

- Promote the availability of home computer loans for employees
- Target first time loan applicants

### **COUNCIL GOALS**

• Fostering a positive organizational culture

### **FINANCIAL COMMENT**

The computer loan program is a revolving loan fund with new loans being distributed from the existing loan payments. The program focuses on first time borrowers.

# **Employee Assistance Programs** (continued)

Expenditure Details	14-15	15-16	15-16	16-17	17-18
			Year End		
Object Description	Actual	Amended	Projection	Recommended	Recommended
42299 OTHER EXPENSE	400	-	-	-	-
42605 COMPUTER LOAN PROGRAM	19,774	50,000	30,000	40,000	40,000
Supplies Total	20,174	50,000	30,000	40,000	40,000
45010 GF ADMIN	1,077	1,131	1,131	1,188	1,247
Internal Services Total	1,077	1,131	1,131	1,188	1,247
2610 - Employee Assistance Total	21,252	51,131	31,131	41,188	41,247

### Information Services [730-2520]

### **DIVISION DESCRIPTION**

Information Services' goal is to add value to the City of Morgan Hill business processes by managing information assets so that departments can concentrate on their business while providing quality customer service.

This activity manages information technology planning and technical support for all City operations and includes the new Technology and Telecommunications components for the General Plan Project and Emergency Operations. Equipment supported includes approximately 242 personal computers and laptops, 33 virtual servers, 14 physical servers, one storage area network (SAN), and the six Network-Attached Storage (NAS) devices required to sustain the City's 10 local and wide area networks, electronic mail, internet access, database administration, and remote access to City information.

Information Services will be replacing the virtual server and SAN infrastructure purchased in 2009 as it reaches the end of its useful life. This is part of our 7 year replacement cycle for server and storage devices with the SAN reaching end of life support in 2017. Server and storage replacement was originally split across multiple fiscal years but all phases have been brought together into one project to take advantage of new technology that combines server and storage into a framework that is easily expanded by smaller units that will allow us to add just what is needed for the next year while being able to take advantage of opportunity projects that may require smaller incremental infrastructure expansion without the large price tag and labor investment found in expanding traditional storage and servers.

This framework will also be used for deploying Virtual Desktops. By moving to Virtual Desktops, we will be able to upgrade desktops to Windows 10, take advantage of centralized energy efficient servers to provide access to the applications and information used in the City business processes, extend the useful lifespan of current workstations, allow for low cost replacements, reduce administration and support costs, and provide greater flexibility and mobility accessing the City information resources.

Information Services will be performing upgrades to Microsoft Exchange and Microsoft Office to Microsoft's cloud-based Office 365. Phase one will move our no longer supported Exchange 2003 environment to the cloud-based Exchange Online and provide larger mailboxes, centralized record discovery, greater mobile access to email, and support for a more comprehensive email policy. Exchange Online is a component of the Office 365 Government Enterprise cloud offering and changes email costs (and later Microsoft Office licensing) to an ongoing operational expense rather than a one-time capital cost. This move to the cloud also allows the server and SAN infrastructure upgrade to be smaller, and provides a more cost effective entry framework by being able to maintain the same size we currently have while supporting more services. Phase 2 will start in July 2017 by upgrading the current Microsoft Office 2007 to Microsoft Office 365 Government Enterprise with the latest version of Microsoft Office Suite and provides additional cloud storage and collaboration services.

During this fiscal period we will also replace 6 servers to finish our server upgrade project, finish upgrading our Active Directory to the latest version, add secondary storage for the retention of security camera video, complete the addition of redundant power to the Police Department server and dispatch rooms, and start the planning process for changes to the data connections between City buildings.

### **Information Services** (continued)

### FY 15-16 ACCOMPLISHMENTS

- Implemented strong password policies for the entire organization
- Developed and implemented new support policies and procedures and helpdesk system
- Worked with the Police Department to upgrade phone system to Hosted Voice Over Internet Protocol (VOIP)
- Worked with the Police Department to upgrade 911 system
- Implemented Hosted VOIP telephone system in Council Chamber
- Automated Public Works timecard system reporting and integrated update process with EDEN payroll system
- Updated the CIP budget document process

### **ACTIVITY GOALS**

#### FY 16-17

- Upgrade the Exchange 2003 locally hosted email system to Exchange Online cloud based email and prepare for upgrading Microsoft Office 2007 to Microsoft Office 365 Government Enterprise cloud solution
- Upgrade of the remaining 6 legacy servers to Windows 2008 R2 or Windows 2012
- Addition of video storage for existing security camera digital video recorders (DVR's)
- Implementation of Virtual Desktops
- Continue to work with departments on developing enhanced reports with automated distribution using Microsoft Reporting Services
- Replace servers and enterprise SAN to meet current and future data infrastructure needs
- Compete for the MISAC Quality in IT Practices Award

### FY 17-18

- Update Microsoft Office 2007 to Office 365 Government Enterprise cloud solution
- Inter-campus telecommunications planning for connectivity between City office locations

### **COUNCIL GOALS**

### **Enhancing public safety**

- Virtual desktops, Exchange Online, and Office 365 cloud solutions provide resiliency and greater mobile access for City communication and data resources
- Expanded video storage capacity supports longer retention periods, higher quality security cameras, and more camera coverage

### Protecting the environment

 Cloud based services provide reduced local hardware and consolidate resources to be more efficient and environmentally friendly

### **Information Services** (continued)

Reduced hardware, new technology, and solid state disk storage reduce direct energy and cooling costs

### Maintaining fiscal responsibility

- Converged hardware is the foundation for incrementally planned expansion sized for the next annual requirements and allows for opportunity project investment by being easily expanded for growth without investment in technical training or having to oversize and have unused resources
- Cloud subscription services convert large one time capital investments into ongoing operational costs that can be
  easily expanded or reduced as needed to link cost to usage and provide access to the most current versions of
  applications without the capital cost spikes associated with upgrading

### **Enhancing Our Services**

- Exchange Online provides for centralized email, retention, discovery, and litigation hold functions that can be easily automated
- Implementing Microsoft Office 365 Government Enterprise cloud solutions provides the City with the latest
  versions of software and patches by moving technical support tasks to Microsoft; giving City engineers more time
  to focus on other City support and project needs

### **Improving Our Communication**

Microsoft Office 365 Enterprise cloud provides greater office and mobile access to storage and sharing
applications while increasing the size of email and the number of methods for file sharing available for
communicating between our City teams, with our partners, and with our customers

### **FINANCIAL COMMENTS**

Operating costs are funded by departments based on the amount of technology present in each department. This is represented by the amount of equipment each division is using and the complexity associated with the support of those devices.

# Information Services (continued)

	Expenditure Details	14-15	15-16	15-16	16-17	17-18
				Year End		
	Description	Actual	Amended	Projection	Recommended	Recommended
•	SALARIES - GENERAL	471,031	424,357	445,079	452,324	471,292
. ,	SALARIES - PART-TIME TEMP	29,205	-	32,000	-	-
	EARNED LEAVE LIABILITY	12,195	12,349	12,349	15,132	15,738
,	OVERTIME - GENERAL	5,466	4,120	6,620	10,000	10,000
•	RETIREMENT - GENERAL	82,795	83,451	79,534	82,034	87,858
41690	DEFERRED COMPENSATION	7,103	5,282	9,056	10,282	10,762
	GROUP INSURANCE	70,773	66,605	81,313	86,406	90,670
41701	MEDICARE	6,731	6,341	6,495	5,817	6,131
41701	MEDICARE PTT AND OT	-	-	560	145	145
41730	INCOME PROTECTION INS	4,799	3,728	4,188	4,156	4,156
41760	WORKERS COMP	12,392	21,320	11,786	11,309	11,783
41760	WORKERS COMP PTT AND OT	-	-	966	250	250
41799	BENEFITS	6,685	8,808	6,518	6,485	6,485
41900	CONTRACT LABOR	-	20,000	20,000	-	-
	Salaries Total	709,174	656,361	716,464	684,340	715,270
42214	TELEPHONE	8,345	5,900	5,900	5,300	5,300
42231	CONTRACT SERVICES	97,035	135,491	172,900	171,924	238,924
42244	STATIONERY & OFFICE SUPPLIES	13	500	500	500	500
42245	COMPUTER HARDWARE-NON CAPITAL	9,524	81,696	7,400	5,000	5,000
42246	COMPUTER SOFTWARE-NON CAPITAL	3,126	6,000	6,000	1,000	1,000
42247	CONTRACT IS SERVICES	1,080	3,000	3,000	3,000	3,000
42248	OTHER SUPPLIES	857	600	2,449	600	600
42250	ADVERTISING	2,735	-	600	750	1,000
42252	PHOTOCOPYING	111	100	100	100	100
42254	POSTAGE & FREIGHT	68	50	50	100	100
42261	AUTO MILEAGE	602	1,080	1,080	1,080	1,080
42299	OTHER EXPENSE	357	300	300	300	300
42408	TRAINING & EDUCATION	-	2,000	2,000	5,000	5,000
	CONFERENCE & MEETINGS	1,184	200	531	3,500	2,000
	MEMBERSHIP & DUES	140	500	300	200	200
	COMMUNICATION ENGAGEMENT	31,555	-	550	-	-
	SUBSCRIPTION & PUBLICATIONS	260	200	200	200	200
1-100	Supplies Total	156,993	237,617	203,860	198,554	264,304
43840	COMPUTER EQUIPMENT	66,119	90,123	53,000	460,000	105,000
	COMPUTER SOFTWARE	-	75,000	-	-	-
7,077	Capital Total	66,119	165,123	53,000	460,000	105,000
44001	INTEREST	271	-	257	-	-
	LEASE PAYMENTS	1,637	_	1,751	1,907	1,907
TTJJT	Debt Total	1,908	_	2,008	1,907	1,907
45003	GENERAL LIABILITY INSURANCE		8,601	8,601		
., ,	BUILDING MAINT - CURRENT SERVICES	8,931 -	-	-	11,392 26,950	12,531
	BUILDING MAINT - FUTURE REPLACEMENT		2.200	2.200	1.1	25,930
45005		2,233	2,300	2,300	2,369	2,440
40000	Internal Services Total	11,164	10,901	10,901	40,711	40,901
49321	TRANSFER OUT - EMPLOYEE BENEFITS FUND		10,495	10,495	12,713	6,357
2522	Transfer Total formation Services Total	0.17.279	10,495	10,495	12,713	6,357
2520 - In	normation services rotal	945,358	1,080,497	996,728	1,398,225	1,133,739

### Communications and Engagement [730-5145]

### **ACTIVITY DESCRIPTION**

The Communications and Engagement function is coordinated and managed by the Communications and Engagement Manager. The Communications and Engagement Manager serves as the City's Public Information Officer and is responsible for developing and disseminating information about the City's programs, services, policies, events, and major initiatives. This position is also responsible for administering the oversight and coordination of all external and internal communications and provides support and direction for community outreach efforts.

Over the past few years the City Council has increased the level of resources to ensure its commitment and expectation for high quality and continuously improving communication and engagement can be met. Building upon the extensive communication/engagement work that was done for the Downtown Investment Strategy projects and our increasing use of social media we recognize we can continue to improve.

A key tool for focusing efforts on improved communication will be the communication assessment performed by an outside consulting firm in early FY 16-17. We anticipate the findings of this assessment will guide us in potential enhancements to be made in both FY 16-17 and FY 17-18, including the possibility of additional resources for overall web and social media management and resources for project based consulting services as needed.

### FY 15-16 ACCOMPLISHMENTS

- Continued with extensive community outreach efforts for the Downtown Placemaking Investment Strategy, including the Complete Streets Pilot Project
- Provided coordination of communication and outreach efforts for the water/wastewater Proposition 218 rate process
- Provided support for extensive community outreach related to the community's quality of life service priorities and the funding of these priority services
- Developed and launched website mobile application
- Continued effective use of social media and digital civic engagement technologies
- Purchased and implemented the use of Siteimprove Web Governance Suite, a web based tool to allow for ease and enhanced ability to maintain, monitor, and optimize the city website and improve the user experience
- Purchased the equipment and license needed to remotely update and format the monitors in the lobby at City
  Hall and the Council Chamber. This enhancement will allow the monitors to be updated remotely improving the
  timeliness of the information posted and cutting down the amount of staff time to make the updates in half.
  The enhancements will allow the 2 monitors to promote upcoming meetings, events, promotions, recruitments,
  etc.

### **ACTIVITY GOALS**

### FY 16-17 and 17-18

Continue to provide support for extensive community outreach related to the community's quality of life service priorities and the funding of services (including survey in July 2016)

### **Communications and Engagement (continued)**

- Conduct a communications assessment to evaluate current communication tools and strategies and to better understand resource needs for improved communication in support of the Council's 2016 focus area of improving communication. The assessment will also help us to better understand how the community wants to receive City information and engage with the City
- Create interdepartmental communications team to improve and provide consistency in the way to we communicate information on key initiatives/projects with teammates and the community
- Develop better use of analytic tools to better understand the effectiveness of our communication
- Develop and implement measures to determine effectiveness of communication/engagement strategies
- Implement communication/engagement project planning tool organization wide to support the development of communications/engagement strategies at the beginning of each project

### **FINANCIAL COMMENTS**

As an internal service fund, the costs associated with the Communications and Engagement function are allocated to all other Departments.

# Communications and Engagement [730-5145]

Expenditure Details	14-15	15-16	15-16	16-17	17-18
			Year End		
Object Description	Actual	Amended	Projection	Recommended	Recommended
41100 SALARIES - GENERAL	-	120,396	120,529	140,953	152,462
41271 SALARIES - PART-TIME TEMP	-	18,639	27,047	27,422	27,970
41320 EARNED LEAVE LIABILITY	-	3,330	3,330	3,420	3,557
41620 RETIREMENT - GENERAL	-	22,798	21,550	25,563	28,422
41690 DEFERRED COMPENSATION	-	2,408	2,040	2,819	3,049
41700 GROUP INSURANCE	-	7,559	7,070	7,541	7,912
41701 MEDICARE	-	2,033	1,846	1,798	1,955
41701 MEDICARE PTT AND OT	-	-	392	398	406
41730 INCOME PROTECTION INS	-	998	1,321	1,321	1,321
41760 WORKERS COMP	-	6,482	3,459	3,524	3,812
41760 WORKERS COMP PTT AND OT	-	-	676	686	699
41799 BENEFITS	-	1,200	1,154	1,224	1,224
Salaries Total	-	185,843	190,414	216,668	232,789
42214 TELEPHONE	-	-	2,000	2,000	2,000
42231 CONTRACT SERVICES	-	25,800	25,500	40,000	40,800
42246 COMPUTER SOFTWARE-NON CAPITAL	-	600	600	1,200	1,224
42248 OTHER SUPPLIES	-	-	-	8,754	-
42250 ADVERTISING	-	2,500	100	500	510
42251 MARKETING/PROMOTIONS	-	27,500	35,529	32,000	32,000
42252 PHOTOCOPYING	-	500	-	-	-
42257 PRINTING	-	5,000	5,000	5,000	5,100
42261 AUTO MILEAGE	-	500	500	500	510
42299 OTHER EXPENSE	-	8,000	2,000	5,000	5,100
42408 TRAINING & EDUCATION	-	500	200	500	510
42415 CONFERENCE & MEETINGS	-	5,500	3,145	6,500	6,630
42423 MEMBERSHIP & DUES	-	440	450	450	459
Supplies Total	-	76,840	75,024	102,404	94,843
45003 GENERAL LIABILITY INSURANCE	-	-	-	2,779	3,057
45004 BUILDING MAINT - CURRENT SERVICES	-	-	-	6,573	6,324
Internal Services Total	-	-	-	9,352	9,381
49241 TRANSFER OUT-BOND/DEBT	-	-	-	1,047	1,206
49321 TRANSFER OUT - EMPLOYEE BENEFITS FUND	-	2,560	2,560	3,101	1,550
Transfer Total	-	2,560	2,560	4,148	2,756
5145 - Communications and Engagement Total	-	265,243	267,998	332,572	339,769

# Building Maintenance - Community and Cultural Center [740-2115]

#### **ACTIVITY DESCRIPTION**

The Community Services Department is responsible for all major repairs, preventive maintenance, capital improvements and future replacement schedules for the Community and Cultural Center (CCC) campus. The campus includes the CCC Main Building, Community Playhouse, Downtown Amphitheater and Gavilan College facilities.

### **FY 15-16 ACCOMPLISHMENTS**

- Replaced Hiram Morgan Hill Room curtains
- Installed a shade structure for Children's Pavilion play area
- Repaired surfacing in the Children's Pavilion play area
- Upgraded landscaping along parking lot frontage

### **ACTIVITY GOALS**

### FY 16-17

- Improve interior directional signage
- Coordinate with Information Services to increase DVR storage
- Add blinds in the Mira Monte, Diana Murphy and Poppy Jasper Rooms
- Replace facility rectangular tables
- Make repairs to Spray Pad
- Replace restroom countertops
- Paint Playhouse interior and replace curtains
- Replace/upgrade HVAC components

#### FY 17-18

- Replace Playhouse seating and carpet
- Replace some carpeting and wall fabric in Hiram Morgan Hill Room

### FINANCIAL COMMENTS

The Building Maintenance Fund is an Internal Service Fund that recovers the cost of maintaining City facilities by charging the departments that use those facilities. An additional fee is charged for the scheduled future replacement of major building equipment, such as mechanical systems.

# **Building Maintenance - Community and Cultural Center** (continued)

Expenditure Details	14-15	15-16	15-16	16-17	17-18
			Year End		
Object Description	Actual	Amended	Projection	Recommended	Recommended
41100 SALARIES - GENERAL	100,385	100,709	103,793	107,903	111,631
41270 SALARIES - PART-TIME	25,097	-	963	-	-
41320 EARNED LEAVE LIABILITY	5,312	3,199	3,199	2,958	3,076
41490 OVERTIME - GENERAL	968	500	2,500	3,000	3,000
41620 RETIREMENT - GENERAL	21,997	17,971	18,701	19,569	20,810
41690 DEFERRED COMPENSATION	2,566	1,782	2,181	2,179	2,253
41700 GROUP INSURANCE	15,326	14,249	17,175	21,379	22,449
41701 MEDICARE	1,742	1,469	1,557	1,398	1,462
41730 INCOME PROTECTION INS	1,544	1,018	1,140	1,165	1,165
41760 WORKERS COMP	3,183	5,048	5,307	2,698	2,791
41799 BENEFITS	120	120	149	166	166
Salaries Total	178,240	146,065	156,665	162,415	168,803
42208 ELECTRIC	86,053	105,000	105,000	110,250	115,000
42210 WATER/SEWER	14,231	25,000	14,000	16,500	17,000
42214 TELEPHONE	-	-	-	-	-
42230 SPECIAL COUNSEL	-	-	1,193	-	-
42231 CONTRACT SERVICES	272,284	130,082	130,082	140,735	133,550
42248 OTHER SUPPLIES	19,840	19,055	18,670	19,500	19,890
42262 CHEMICALS	-	1,500	-	2,000	2,040
42510 MAINT - BLDGS/IMPROVEMENTS	121,332	324,748	157,033	73,000	90,000
42526 MAINT - AUTO/TRUCKS	1,107	-	112	-	-
Supplies Total	514,846	605,385	426,090	361,985	377,480
43825 MACHINERY/EQUIPMENT	16,980	-	-	4,000	-
Capital Total	16,980	-	-	4,000	-
44990 PRINCIPAL	17,838	8,173	8,822	8,255	8,338
44991 INTEREST	376	294	294	212	129
Debt Total	18,214	8,468	9,116	8,468	8,468
45003 GENERAL LIABILITY INSURANCE	28,524	28,289	28,289	20,846	22,931
Internal Services Total	28,524	28,289	28,289	20,846	22,931
49321 TRANSFER OUT - EMPLOYEE BENEFITS FUND		3,059	3,059	3,736	1,868
Transfer Total	-	3,059	3,059	3,736	1,868
2115 - Community & Cultural Center Total	756,804	791,265	623,219	561,450	579,550

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### Building Maintenance - Aquatics Center [740-2120]

### **ACTIVITY DESCRIPTION**

The Community Services Department is responsible for all major repairs, preventive maintenance, capital improvements and future replacement schedules for the Morgan Hill Dennis Kennedy Aquatics Center (AC).

#### **FY 15-16 ACCOMPLISHMENTS**

- Upgraded scoreboard with improved signage
- Supported the Information Services Division on the installation of private WiFi routers
- Replaced a portion of the facility deck chairs
- Replaced a portion of the pool lane lines
- Replaced pace clocks
- Replaced restroom and lobby floors
- Relocated CO2 System to outdoor location to increase safety and improve ease of use

### **ACTIVITY GOALS**

### FY 16-17

- Resurface pool deck
- Replace pool drain grates as required
- Replace the chlorine generator cell
- Coordinate with Information Services to increase DVR storage
- Add fencing to parking area to better control parking during major events
- Replace concession line poles
- Coordinate with IS to install a fiber data connection to the OSC from the AC
- Provide maintenance to concrete areas and slide column bases
- Repair restroom partitions
- Recoat slide stairs epoxy
- Replace mechanical room doors

#### FY 17-18

- Improve restroom facilities and install swim suit spinners
- Improve fencing for ease of customer use, safety and event access
- Relocate networking systems into a temperature controlled area

### FINANCIAL COMMENTS

The Building Maintenance Fund is an Internal Service Fund that recovers the cost of maintaining City facilities by charging the departments that use those facilities. An additional fee is charged for the scheduled future replacement of major building equipment, such as mechanical systems.

# **Building Maintenance - Aquatics Center (continued)**

Expenditure Details	14-15	15-16	15-16	16-17	17-18
			Year End		
Object Description	Actual	Amended	Projection	Recommended	Recommended
41100 SALARIES - GENERAL	102,344	102,663	105,723	109,862	113,590
41320 EARNED LEAVE LIABILITY	4,388	4,218	4,218	3,849	4,002
41490 OVERTIME - GENERAL	3,255	1,125	1,125	1,500	1,575
41620 RETIREMENT - GENERAL	17,908	18,319	18,882	19,925	21,175
41690 DEFERRED COMPENSATION	2,085	1,821	2,163	2,179	2,253
41700 GROUP INSURANCE	20,273	20,816	20,654	23,692	24,867
41701 MEDICARE	1,393	1,507	1,552	1,435	1,501
41730 INCOME PROTECTION INS	1,125	1,018	1,142	1,166	1,166
41760 WORKERS COMP	2,619	5,161	5,322	2,747	2,840
41799 BENEFITS	120	120	149	166	166
Total	155,510	156,768	160,929	166,521	173,135
42208 ELECTRIC	180,494	180,000	165,000	180,000	190,000
42210 WATER/SEWER	25,254	36,040	24,000	27,500	28,750
42214 TELEPHONE	-	-	640	-	-
42230 SPECIAL COUNSEL	-	-	1,143	-	-
42231 CONTRACT SERVICES	117,602	111,280	111,280	122,618	125,070
42248 OTHER SUPPLIES	37,924	36,600	36,600	37,750	38,505
42262 CHEMICALS	105,805	115,000	115,000	115,000	118,450
42281 SMALL TOOLS	11	1,000	1,454	1,000	1,000
42408 TRAINING & EDUCATION	230	-	-	-	-
42510 MAINT - BLDGS/IMPROVEMENTS	135,961	151,243	93,850	87,500	73,500
Supplies Total	603,281	631,163	548,967	571,368	575,275
43825 MACHINERY/EQUIPMENT	5,000	9,000	9,000	13,270	-
Capital Total	5,000	9,000	9,000	13,270	-
45003 GENERAL LIABILITY INSURANCE	7,152	7,612	7,612	6,813	7,494
Internal Services Total	7,152	7,612	7,612	6,813	7,494
49321 TRANSFER OUT - EMPLOYEE BENEFITS FUND	-	3,059	3,059	3,736	1,868
Transfer Total	-	3,059	3,059	3,736	1,868
2120 - Aquatics Center Total	770,943	807,602	729,567	761,708	757,773

CITY OF MORGAN HILL • FY 16-17 and 17-18 • OPERATING AND CIP BUDGET • CITY OF MORGAN HILL • FY 16-17 and 17-18 • OPERATING AND CIP BUDGET • CITY OF MORGAN HILL • FY16-17 and 17-18 •

# Building Maintenance - Centennial Recreation Center [740-2125]

#### **ACTIVITY DESCRIPTION**

The Community Services Department, in partnership with the Building Maintenance Manager, is responsible for all major repairs, preventive maintenance, capital improvements and future replacement schedules for the Centennial Recreation Center (CRC).

### FY 15-16 ACCOMPLISHMENTS

- Installed new security cameras
- Replaced TVs in the fitness center
- Supported the Information Services Division on the installation of private WiFi routers
- Replaced tile floor in the west hallway restrooms
- Purchased tables and chairs
- Replaced refrigerator in the guard room

### **ACTIVITY GOALS**

#### FY 16-17

- Recoat water slide and repaint stairs
- Coordinate with Information Services to increase DVR storage
- Install an air freshener system in the locker rooms
- Install wall lockers in the fitness center and gymnasium to improve safety
- Install donor recognition signage for the Senior Center
- Upgrade generator system for use of the CRC during emergencies with power outages
- Repaint multi-purpose room
- Replace coffee machines in the Senior Center
- Upgrade Fitlinxx Equipment
- Replace and upgrade pool chemical controller
- Replace and improve locker room tile floors

#### FY 17-18

- Add additional gymnasium lines and improve the gymnasium sound system
- Add hydration station in the east hallway
- Redesign the fitness center layout
- Install high efficiency heater for pool
- Replace major components of pool play structure
- Replace multi-purpose room tables and chairs
- Replace fitness equipment
- Resurface pool deck with anti-slip surfacing

### **Building Maintenance - CRC** (continued)

### FINANCIAL COMMENTS

The Building Maintenance Fund is an Internal Service Fund that recovers the cost of maintaining City facilities by charging the departments that use those facilities. An additional fee is charged for the scheduled future replacement of major building equipment, such as mechanical systems. The Recreation and Community Services Department staff is responsible for day-to-day operations of the Centennial Recreation Center.

# **Building Maintenance - CRC** (continued)

Expenditure Details	14-15	15-16	15-16	16-17	17-18
			Year End		
Object Description	Actual	Amended	Projection	Recommended	Recommended
41100 SALARIES - GENERAL	111,008	110,604	115,181	120,181	124,566
41320 EARNED LEAVE LIABILITY	4,234	3,915	3,915	4,159	4,325
41490 OVERTIME - GENERAL	1,658	1,125	1,125	1,181	1,205
41620 RETIREMENT - GENERAL	19,437	19,736	20,569	21,796	23,222
41690 DEFERRED COMPENSATION	2,309	1,864	2,407	2,438	2,528
41700 GROUP INSURANCE	19,377	19,607	19,822	21,573	22,651
41701 MEDICARE	1,491	1,623	1,690	1,555	1,629
41730 INCOME PROTECTION INS	1,225	1,109	1,246	1,272	1,272
41760 WORKERS COMP	2,794	5,558	5,798	3,005	3,114
41799 BENEFITS	181	180	223	248	248
Salaries Total	163,713	165,321	171,975	177,408	184,760
42208 ELECTRIC	57,598	47,000	59,326	62,767	64,022
42210 WATER/SEWER	25,666	50,000	24,000	26,400	26,928
42228 GASOLINE & OIL	364	-	-	-	-
42230 SPECIAL COUNSEL	-	-	1,143	-	-
42231 CONTRACT SERVICES	171,091	188,636	188,636	206,299	210,425
42248 OTHER SUPPLIES	64,375	78,795	78,795	86,266	87,991
42262 CHEMICALS	6,565	6,000	6,390	6,180	6,304
42281 SMALL TOOLS	1,359	2,200	2,200	2,266	2,311
42510 MAINT - BLDGS/IMPROVEMENTS	27,217	65,383	43,750	70,000	51,000
42526 MAINT - AUTO/TRUCKS	-	-	88	-	-
Supplies Total	354,235	438,014	404,328	460,178	448,982
43825 MACHINERY/EQUIPMENT	8,500	-	-	4,000	-
Capital Total	8,500	-	-	4,000	-
45003 GENERAL LIABILITY INSURANCE	26,542	27,202	27,202	20,227	22,250
Internal Services Total	26,542	27,202	27,202	20,227	22,250
49321 TRANSFER OUT - EMPLOYEE BENEFITS FUND	-	3,283	3,283	4,008	2,004
Transfer Total	-	3,283	3,283	4,008	2,004
2125 - Centennial Recreation Center Total	552,990	633,820	606,788	665,821	657,995

### **Building Maintenance - Police Station [740-3225]**

### **ACTIVITY DESCRIPTION**

The Police Department is responsible for all preventive maintenance, major repairs, and future replacement schedules for the Police Station.

#### **FY 15-16 ACCOMPLISHMENTS**

- Installed fencing around back lot/storage area
- On-going maintenance and repair of the security system and garage door operators

### **ACTIVITY GOALS**

### FY 16-17

- Replace carpeting within the facility
- Coordinate with Information Services to increase DVR storage
- Upgrade server room with redundant UPS power supply

### **FINANCIAL COMMENTS**

The Building Maintenance Fund is an Internal Service Fund that recovers the cost of maintaining City facilities by charging the departments that use those facilities. An additional fee is charged for the scheduled future replacement of major building equipment, such as mechanical systems.

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# **Building Maintenance - Police Station** (continued)

Expenditure Details	14-15	15-16	15-16	16-17	17-18
			Year End		
Object Description	Actual	Amended	Projection	Recommended	Recommended
41100 SALARIES - GENERAL	35,802	32,328	34,120	35,590	37,219
41320 EARNED LEAVE LIABILITY	2,708	2,836	2,836	-	-
41490 OVERTIME - GENERAL	630	-	500	500	510
41620 RETIREMENT - GENERAL	6,251	5,769	6,086	6,455	6,938
41690 DEFERRED COMPENSATION	613	647	630	491	491
41700 GROUP INSURANCE	2,813	2,884	2,858	3,838	3,938
41701 MEDICARE	426	469	502	524	547
41730 INCOME PROTECTION INS	484	866	491	576	576
41760 WORKERS COMP	919	1,616	1,718	890	931
Salaries Total	50,646	47,415	49,741	48,864	51,150
42208 ELECTRIC	107,061	110,000	112,000	117,900	120,258
42210 WATER/SEWER	4,882	6,500	4,750	5,200	5,304
42228 GASOLINE & OIL	-	-	929	929	948
42231 CONTRACT SERVICES	75,076	55,000	57,342	92,232	94,077
42248 OTHER SUPPLIES	3,724	5,500	5,850	6,000	6,120
42510 MAINT - BLDGS/IMPROVEMENTS	26,612	44,780	76,928	51,200	31,700
Supplies Total	217,355	221,780	257,799	273,461	258,406
43835 FURNITURE/OFFICE EQUIPMENT	3,632	-	-	-	-
Capital Total	3,632	-	-	-	-
45003 GENERAL LIABILITY INSURANCE	19,463	19,818	19,818	14,306	15,737
Internal Services Total	19,463	19,818	19,818	14,306	15,737
49321 TRANSFER OUT - EMPLOYEE BENEFITS FUND	-	1,408	1,408	1,829	915
Transfer Total	-	1,408	1,408	1,829	915
225 - PD Support Services Total	291,096	290,421	328,766	338,460	326,208

### Building Maintenance - Civic Center Campus (Council Chamber Build-

ing, Villas, and Exterior Grounds) [740-5150]

### **ACTIVITY DESCRIPTION**

The Community Services Department is responsible for all major repairs, preventive maintenance, capital improvements and future replacement schedules for the Civic Center Campus. The campus includes the Council Chamber Building, City Hall/Development Services Center, Villas, and the Outdoor Grounds.

### **FY 15-16 ACCOMPLISHMENTS**

Kept City facilities clean and well maintained

### **ACTIVITY GOALS**

### FY 16-17

- Replace and upgrade Council Chamber doors
- Upgrade work room
- Support relocation of additional staff from City Hall building, including office setup, storage creation, expanded and evaluation of HVAC systems

#### FY 17-18

- Upgrade HVAC systems for office spaces
- Purchase additional tables and wireless microphones

### FINANCIAL COMMENTS

The Building Maintenance Fund is an Internal Service Fund that recovers the cost of maintaining City facilities by charging the departments that use those facilities. An additional fee is charged for the scheduled future replacement of major building equipment, such as mechanical systems.

# Building Maintenance - Civic Center Campus (Council Chamber Building,

Villas, and Exterior Grounds) (continued)

Expenditure Details	14-15	15-16	15-16	16-17	17-18
			Year End		
Object Description	Actual	Amended	Projection	Recommended	Recommended
41100 SALARIES - GENERAL	12,997	25,921	13,734	15,933	17,094
41270 SALARIES - PART-TIME	-	-	12,444	13,105	13,417
41320 EARNED LEAVE LIABILITY	1,370	2,093	2,093	1,079	1,122
41490 OVERTIME - GENERAL	46	-	-	-	-
41620 RETIREMENT - GENERAL	2,249	4,625	4,661	5,266	5,688
41690 DEFERRED COMPENSATION	251	518	499	368	368
41700 GROUP INSURANCE	1,466	2,424	2,373	3,386	3,486
41701 MEDICARE	95	376	380	432	453
41730 INCOME PROTECTION INS	154	662	370	453	453
41760 WORKERS COMP	326	1,296	1,309	726	763
Salaries Total	18,954	37,915	37,864	40,748	42,844
2208 ELECTRIC	46,468	40,000	59,500	62,951	64,210
42210 WATER/SEWER	16,263	22,000	18,500	20,000	20,400
42214 TELEPHONE	3,111	2,000	5,228	5,228	5,333
42231 CONTRACT SERVICES	60,365	25,000	51,321	59,560	60,751
42248 OTHER SUPPLIES	8,105	7,500	10,926	10,300	10,506
42254 POSTAGE & FREIGHT	2	-	81	30	31
42281 SMALL TOOLS	152	-	500	500	510
42510 MAINT - BLDGS/IMPROVEMENTS	25,003	218,500	218,500	37,000	31,000
Supplies Total	159,469	315,000	364,556	195,569	192,740
5003 GENERAL LIABILITY INSURANCE	24,358	25,156	25,156	17,759	19,535
Internal Services Total	24,358	25,156	25,156	17,759	19,535
49321 TRANSFER OUT - EMPLOYEE BENEFITS FUND	-	1,088	1,088	1,442	721
Transfer Total	-	1,088	1,088	1,442	721
50 - Building Maintenance - Civic Center Campus (Council namber Building, Villas, and Exterior Grounds) Total	202,782	379,159	428,664	255,518	255,841

### Building Maintenance - Civic Center Campus (City Hall/Development

Services Center) [740-5155]

### **ACTIVITY DESCRIPTION**

The Community Services Department is responsible for all major repairs, preventive maintenance, capital improvements and future replacement schedules for the Civic Center Campus. The campus includes the Council Chamber Building, City Hall/Development Services Center, Villas, and the Outdoor Grounds.

#### FY 15-16 ACCOMPLISHMENTS

Provided maintenance and janitorial service to newly renovated Council Chambers Building

#### **ACTIVITY GOALS**

### FY 16-17 and 17-18

• Maximize workspace through cubicle and storage redesign

### **FINANCIAL COMMENTS**

The Building Maintenance Fund is an Internal Service Fund that recovers the cost of maintaining City facilities by charging the departments that use those facilities. An additional fee is charged for the scheduled future replacement of major building equipment, such as mechanical systems.

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# Building Maintenance - Civic Center Campus (City Hall/Development

Services Center) (continued)

Expenditure Details	14-15	15-16	15-16	16-17	17-18
			Year End		
Object Description	Actual	Amended	Projection	Recommended	Recommended
41100 SALARIES - GENERAL	25,540	38,735	26,513	29,038	30,511
41270 SALARIES - PART-TIME	-	-	12,444	13,105	13,417
41320 EARNED LEAVE LIABILITY	2,139	2,902	2,902	1,975	2,054
41490 OVERTIME - GENERAL	138	-	-	-	-
41620 RETIREMENT - GENERAL	4,453	6,912	6,960	7,643	8,189
41690 DEFERRED COMPENSATION	490	775	743	614	614
41700 GROUP INSURANCE	2,364	3,344	3,271	4,290	4,390
41701 MEDICARE	285	562	565	617	642
41730 INCOME PROTECTION INS	330	1,070	549	633	633
41760 WORKERS COMP	645	1,937	1,948	1,054	1,098
Salaries Total	36,385	56,237	55,895	58,969	61,548
42208 ELECTRIC	43,019	40,000	40,000	42,320	43,166
42210 WATER/SEWER	1,821	3,000	1,900	2,125	2,168
42231 CONTRACT SERVICES	32,302	26,500	26,499	27,543	28,094
42248 OTHER SUPPLIES	13,887	12,500	15,000	15,450	15,759
42281 SMALL TOOLS	-	-	68	-	-
42510 MAINT - BLDGS/IMPROVEMENTS	12,070	26,000	50,000	45,000	25,000
Supplies Total	103,098	108,000	133,467	132,438	114,187
43825 MACHINERY/EQUIPMENT	-	-	1,060	4,000	-
Capital Total	-	-	1,060	4,000	-
45003 GENERAL LIABILITY INSURANCE	5,845	6,562	6,562	5,479	6,027
Internal Services Total	5,845	6,562	6,562	5,479	6,027
49321 TRANSFER OUT - EMPLOYEE BENEFITS FUND	-	1,728	1,728	2,217	1,109
Transfer Total	-	1,728	1,728	2,217	1,109
5155 - Building Maintenance - Civic Center Campus (City					
Hall/Development Services Center) Total	145,328	172,527	198,713	203,103	182,870

## Building Maintenance - Friendly Inn [740-5165]

### **ACTIVITY DESCRIPTION**

Renovation of the City's Friendly Inn Non-Profit Service Center was completed in FY 09-10. The City Council has approved tenancy for a number of non-profit organizations, including the Silicon Valley Chapter of the American Red Cross, Morgan Hill Home Group of Narcotics Anonymous, Advent Ministries, Work2Future, Healthier Kids Foundation, and TeenForce.

The Community Services Department is responsible for the general maintenance, upkeep, lighting, cleaning, repairs to interior improvements including, but not limited to custodial, electrical, and plumbing services.

### FY 15-16 ACCOMPLISHMENTS

- Maintain collaborative relationship with all Friendly Inn tenants
- Repainted areas within the facility

### **ACTIVITY GOALS**

### FY 16-17

• Repaint designated areas of the facility

### FY 17-18

• Replace flooring in the meeting room

### **FINANCIAL COMMENTS**

The Building Maintenance Fund is an Internal Service Fund that recovers the cost of maintaining City facilities by charging the departments that use those facilities. An additional fee is charged for the scheduled future replacement of major building equipment, such as mechanical systems. The Community Services Department serves as the agent of the City in the collection, crediting and payment of all fees, charges, expenses and costs necessary for the operation of the Friendly Inn Non-Profit Service Center.

# **Building Maintenance – Friendly Inn** (continued)

Expenditure Details	14-15	15-16	15-16	16-17	17-18
			Year End		
Object Description	Actual	Amended	Projection	Recommended	Recommended
42208 ELECTRIC	7,981	7,000	11,701	12,380	12,628
42210 WATER/SEWER	580	2,120	1,500	1,685	1,719
42214 TELEPHONE	1,840	1,764	1,764	1,817	1,853
42231 CONTRACT SERVICES	26,701	21,652	21,652	22,301	22,747
42248 OTHER SUPPLIES	2,196	979	1,500	1,545	1,576
42510 MAINT - BLDGS/IMPROVEMENTS	-	9,000	6,500	5,000	9,000
Supplies Total	39,298	42,514	44,617	44,728	49,523
45003 GENERAL LIABILITY INSURANCE	2,454	2,476	2,476	1,680	1,848
Internal Services Total	2,454	2,476	2,476	1,680	1,848
5165 - Friendly Inn Maintenance Total	41,752	44,990	47,093	46,408	51,371

# Building Maintenance – El Toro Youth Center [740-5167]

### **ACTIVITY DESCRIPTION**

The City is responsible for general maintenance of the El Toro Youth Center located at 17620 Crest Avenue. The building is owned by the City and operated by the Boys and Girls Club of Silicon Valley.

### **FINANCIAL COMMENTS**

The Building Maintenance Fund is an Internal Service Fund that recovers the cost of maintaining City facilities by charging the departments that use those facilities. An additional fee is charged for the scheduled future replacement of major building equipment, such as mechanical systems.

# **Building Maintenance – El Toro Youth Center** (continued)

Expenditure Details	14-15	15-16	15-16	16-17	17-18
			Year End		
Object Description	Actual	Amended	Projection	Recommended	Recommended
42210 WATER/SEWER	913	1,700	700	950	969
42231 CONTRACT SERVICES	4,316	4,000	4,000	4,120	4,202
42248 OTHER SUPPLIES	1,891	2,000	2,000	2,060	2,101
42510 MAINT - BLDGS/IMPROVEMENTS	1,082	2,000	2,000	2,000	2,040
Supplies Total	8,202	9,700	8,700	9,130	9,313
45003 GENERAL LIABILITY INSURANCE	796	803	803	545	600
Internal Services Total	796	803	803	545	600
5167 - El Toro Youth Center Maintenance Total	8,998	10,503	9,503	9,675	9,912

### **Building Maintenance - Corporation Yard [740-5715]**

### **ACTIVITY DESCRIPTION**

The Community Services Department is responsible for all major repairs, preventive maintenance, capital improvements and future replacement schedules at the Corporation Yard.

### **FY 15-16 ACCOMPLISHMENTS**

Interior/Exterior Painting

### **ACTIVITY GOALS**

### FY 16-17

Modernize restrooms and replace counters

### FY 17-18

- Repair termite damage
- Construct metal building to cover bins

### **FINANCIAL COMMENTS**

The Building Maintenance Fund is an Internal Service Fund that recovers the cost of maintaining City facilities by charging the departments that use those facilities. An additional fee is charged for the scheduled future replacement of major building equipment, such as mechanical systems.

# **Building Maintenance - Corporation Yard (continued)**

Expenditure Details	14-15	15-16	15-16	16-17	17-18
			Year End		
Object Description	Actual	Amended	Projection	Recommended	Recommended
41100 SALARIES - GENERAL	6,726	28,880	7,344	29,835	32,401
41320 EARNED LEAVE LIABILITY	2,206	1,065	1,065	-	-
41620 RETIREMENT - GENERAL	1,179	5,153	1,269	5,411	6,040
41690 DEFERRED COMPENSATION	131	578	142	409	440
41700 GROUP INSURANCE	1,017	11,520	1,061	13,331	13,995
41701 MEDICARE	-	419	107	591	634
41730 INCOME PROTECTION INS	66	866	66	921	921
41760 WORKERS COMP	167	1,444	367	746	811
Salaries Total	11,492	49,925	11,422	51,244	55,242
42208 ELECTRIC	18,899	18,500	18,500	19,573	19,964
42210 WATER/SEWER	2,940	2,800	2,800	3,120	3,182
42231 CONTRACT SERVICES	37,455	23,000	40,116	40,966	41,785
42248 OTHER SUPPLIES	2,710	1,500	5,500	5,250	5,355
42510 MAINT - BLDGS/IMPROVEMENTS	7,091	7,500	7,500	30,000	85,000
Supplies Total	69,095	53,300	74,416	98,909	155,287
45003 GENERAL LIABILITY INSURANCE	6,381	6,619	6,619	5,349	5,884
Internal Services Total	6,381	6,619	6,619	5,349	5,884
49321 TRANSFER OUT - EMPLOYEE BENEFITS FUND	-	1,408	1,408	1,829	915
Transfer Total	-	1,408	1,408	1,829	915
5715 - Building Maintenance - Corporation Yard Total	86,968	111,252	93,865	157,331	217,328

### **Unemployment Insurance [760-8230]**

### **ACTIVITY DESCRPTION**

Human Resources manages the unemployment insurance activity and budget. Working in conjunction with the State Employment Development Department, Human Resources evaluates claims for benefits in an effort to manage the City's liability in this area. The Unemployment Insurance program (UI) pays benefits to previous City employees who have lost their job and meet the program's eligibility requirements.

The City has chosen the self-insured method as the most cost-effective way to manage the City's unemployment insurance costs; the City reimburses the State for actual costs incurred for the payment of UI benefits. The State bills the City quarterly, however, payment to the qualified former employee actually precedes the City's reimbursement to the State.

### **FINANCIAL COMMENTS**

The City will continue to be challenged with unemployment claim charges due partly to seasonal and temporary employees filing for unemployment once their temporary assignment has ended and they are separated from employment with the City. The weekly unemployment insurance benefit amounts range from a minimum of \$40 to a maximum of \$450, depending on the claimant's past quarterly earnings. The maximum amount of UI benefits payable to a claimant during a regular benefit year is 26 times the claimant's weekly benefit amount or one-half of the total base period earnings, whichever is less. The benefit year is a 52-week period starting on the effective date of a new UI claim.

Expenditure Details	14-15	15-16	15-16	16-17	17-18
			Year End		
Object Description	Actual	Amended	Projection	Recommended	Recommended
42542 CLAIMS - UNEMPLOYMENT	19,668	36,050	20,000	20,000	20,400
Supplies Total	19,668	36,050	20,000	20,000	20,400
8230 - Unemployment Insurance Total	19,668	36,050	20,000	20,000	20,400

## Workers' Compensation [770-8220]

### **DIVISION DESCRIPTION**

The Human Resources Division serves as the City's Workers Compensation Program Manager and is responsible for managing the City's workers' compensation program and Third Party Administrator (TPA), who handles the day-to-day workers' compensation claim administration. The Human Resources team coordinates all aspects of the workers' compensation program with the TPA. This includes reporting of injuries; providing lost time and salary information; training for managers, supervisors, and other employees; early return to work programs; claimant service evaluations; and maintenance of the City's medical, exposures, and workers' compensation claims files.

The City of Morgan Hill is currently a member of the Local Agency Workers' Compensation Excess joint powers authority (LAWCX) for the purpose of obtaining and pooling excess workers' compensation coverage. Under this arrangement, the City maintains a self-insured retention of \$250,000 of each claim and excess coverage with statutory limits, up to \$5,000,000.

As a result of an actuarial review of the City's self-insured workers' compensation program in FY 13-14 it was recommended that workers' compensation benefits (replacement salary/wages) for each affected employee be paid by their home department's operating budget—just as if the employee were still earning salary/wages for time actually worked. Since FY 14-15 this recommendation has been included in the budget to avoid the illusion of salary savings versus budget in operating departments that happen to have significant absences from work due to job-related injuries or illness.

### FY 15-16 ACCOMPLISHMENTS

- Partnered with the City of Gilroy to jointly solicit proposals from qualified Third Party Administrators (TPA) for the
  administration of our self-insured workers' compensation program, with the goal to choose a TPA for a 2-year
  contract (FY16-17, FY 17-18)
- Offered ergonomic evaluations to new employees and to employees who changed workstations
- Met quarterly with TPA to review open claims, status to date, and action plan
- Included medical-only claims in cost projections and tracking to better reflect workers' compensation costs
- As of March 31, 2016, successfully resolved and closed eleven open indemnity claims

### **ACTIVITY GOALS**

### FY 16-17 and FY 17-18

- Partner with TPA to conduct a training for supervisors and managers on workers' compensation procedures
- Continue to conduct preventive ergonomic evaluations for new employees and for employees who change workstations
- Maintain an assertive position in monitoring the activities of the TPA to close cases as soon as appropriate
- Continue to develop further strategies to reduce costs
- Meet quarterly with TPA to review open claims, status to date, and action plan
- Meet annually with TPA for a program review of the fiscal year activity

## Workers' Compensation [770-8220]

### **FINANCIAL COMMENTS**

The City shall make every effort to maintain a minimum reserve level for workers' compensation equal to the sum of twice the self-insured amount for a single claim (\$500,000). The estimated future reserves as of March 31, 2016 is \$916,316 compared to \$1,130,215 on June 30, 2015. The reserve fund was impacted primarily by one settlement, costing \$135,000. Workers' compensation claims through March 31, 2016 total \$384,523 compared to \$622,970 paid in the same period the prior year (July 1, 2015 - March 31, 2015). As of March 31, 2016, the City has a total of 6 new claims in FY 15-16 (medical only and indemnity) whereas in FY 14-15, there were a total of 19 new claims.

The City is also exploring the option of implementing a volunteer firefighter program, which would require that the volunteers have workers' compensation coverage. Any indemnity payments for volunteer firefighters would impact the City's projected loss data and assessments from the Department of Industrial Relations, which may increase the City's workers' compensation costs.

# Workers' Compensation (continued)

Expenditure Details	14-15	15-16	15-16	16-17	17-18
			Year End		
Object Description	Actual	Amended	Projection	Recommended	Recommended
42221 INSURANCE PREMIUMS	228,501	276,000	276,000	289,800	295,596
42231 CONTRACT SERVICES	35,960	37,039	41,289	38,148	38,911
42261 AUTO MILEAGE	-	67	-	-	-
42299 OTHER EXPENSE	2,985	15,000	8,114	15,000	15,300
42415 CONFERENCE & MEETINGS	-	64	-	-	-
42435 SUBSCRIPTION & PUBLICATIONS	-	400	74	-	-
42545 CLAIMS - WORKER'S COMP	360,757	720,000	350,000	450,000	459,000
Supplies Total	628,203	1,048,570	675,477	792,948	808,807
8220 - Workers' Comp Total	628,203	1,048,570	675,477	792,948	808,807

### **Equipment Replacement [790-8500]**

### **ACTIVITY DESCRIPTION**

The Equipment Replacement Fund provides a mechanism for the City to budget and fund future replacement of vehicles and equipment. Each department that uses City vehicles or equipment with future replacement funding is charged an annual fee based on future replacement costs and the useful life for each item. This program continues to provide a basis for the City to plan for and achieve incremental costs related to equipment and vehicle replacement to smooth fluctuations in the City budget in any given fiscal year.

As part of the biennial budget process, Finance Department will continue to provide a budgetary planning tool for departments including calculation of salvage values, serviceable life spans, accounting replacement contribution, and interest distribution. These tracking tools will be updated periodically. The Equipment Replacement Management Committee will work to increase coordination between departments in managing their equipment and vehicles.

### FINANCIAL COMMENTS

Pre-funding of vehicle and equipment replacement provides for a measure of budget predictability, insures timely replacement which enhances safety and efficiency, and reduces the need for deficit spending based on a large capital outlay in any given fiscal year. For FY 16-18 Biennial Budget, the following equipment is proposed to be replaced. The Budget also calls for an expedited repayment schedule of SVRIA costs for the infrastructure, consoles and radios for the Fire and Police department. The initial cost of approximately, \$1,000,000, was funded by an advance from the Equipment Replacement fund. The plan is to have the costs repaid within three years or by FY 18-19, instead of the prior repayment schedule of ten years.

City of Morgan Hill Vehicle Replacement Schedule

Fiscal Year	Department	Vehicle Description	Replacer	ment Cost
16-17	Police Dept	2008 Ford Crown Victoria (K-9 car)	\$	67,535
16-17	Police Dept	2009 Ford Crown Victoria		67,535
16-17	Streets	2007 Backhoe 1760T		126,626
16-17	Public Works	1994 Bobcat Excavator		90,000
16-17	Public Works	1998 Jacobsen Bobcat Trailer		5,000
16-17	Public Works	2003 Ford F450 HD Reg Cab with Dump		80,000
16-17	Public Works	1982 Jeep AM Genl 4 Cycl		50,000
16-17	Building	2001 Chevy Silverado		27,465
16-17	Building	2007 Chevrolet Silverado 15 truck		22,437
			\$	536,598
17-18	Police Dept	2011 Chevrolet Malibu	\$	67,535
17-18	Police Dept	2010 Ford Crown Victoria	7	67,535
17-18	Police Dept	2010 Ford Crown Victoria		67,535
17-18	Police Dept	2010 Ford Crown Victoria		67,535
17-18	Public Works	2005 Club Car Model 294 Diesel		40,000
17-18	Public Works	2007 Ford F-450 Utility Truck		80,000
17-18	Public Works	2007 Ford F-350 Utility Truck		60,000
17 10	Tablic Works	2007 Ford F 330 oranty frack	\$	450,140
			7	7,0,140

# Equipment Replacement (continued)

Expenditure Details	14-15	15-16	15-16	16-17	17-18
			Year End		
Object Description	Actual	Amended	Projection	Recommended	Recommended
43825 MACHINERY/EQUIPMENT	200,153	1,176,020	744,571	624,971	124,971
43830 AUTO/TRUCKS	477,666	804,735	804,735	536,598	450,140
Capital Total	677,819	1,980,755	1,549,306	1,161,569	575,111
44991 INTEREST	2,333	-	-	-	-
44994 LEASE PAYMENTS	15,072	17,406	17,455	-	
Debt Total	17,405	17,406	17,455	-	-
8500 - Equipment Replacement Total	695,224	1,998,161	1,566,761	1,161,569	575,111

### **Employee Benefits Fund [791-2610]**

### **ACTIVITY DESCRIPTION**

Since FY 10-11, the Employee Benefits Fund (EBF) has captured, in one place, the City's liability for leave which has been earned, but not taken. The purpose of EBF is to remove from operating department budgets the expenditure spikes caused by payouts of vacation and other leave earned but not taken, thus dampening the effects on operating department budgets of the inherently episodic nature of leave payouts to employees exiting the City workforce.

Each year, all funds are assessed 15 percent of their outstanding balance at the end of June 2014. The recommended biennial budget includes a set aside of \$593,657 for FY 16-17 and \$624,674 for FY 17-18. Expenditures (paid leave cash payments) are expected to reach approximately \$537,000 and \$559,000 for FY 16-17 and FY 17-18, respectively.

In addition to compensated absences, the City began to set aside funds related to Other Post Employment Benefits (OPEB) and "PERS Stabilization Account". OPEB benefits consist of only the legally required contribution to a retiree's health insurance, currently at \$106.25 per month per retiree. The City's unfunded liability for OPEB is estimated at \$2.3 million. The City began to set aside funds related to OPEB in FY14-15 with an initial funding of \$110,000 and additional funding of \$270,000 in FY 15-16. The Recommended Biennial Budget proposes an annual funding from all funds of \$300,000 to help fund future benefits. In addition, the Budget also recommends an additional funding of \$300,000 in FY 16-17 to its "PERS Stabilization Account" that could be used to mitigate unpredictable PERS rate increases and prepayment of unfunded pension obligations.

# Employee Benefits Fund (continued)

Expenditure Details	14-15	15-16	15-16	16-17	17-18
			Year End		
Object Description	Actual	Amended	Projection	Recommended	Recommended
41320 EARNED LEAVE LIABILITY	548,274	412,000	516,400	537,056	558,538
Salaries Total	548,274	412,000	516,400	537,056	558,538
2610 - Employee Assistance Total	548,274	412,000	516,400	537,056	558,538

### General Liability [795-8210]

### **ACTIVITY DESCRIPTION**

The City purchases liability/property/vehicle insurance through the Association of Bay Area Governments (ABAG) PLAN (Pooled Liability Assurance Network). The City is a member of the ABAG PLAN for coverage of liability risks associated with City operations. This provides a pool of liability/property coverage distributed among 28 member municipalities. Claim amounts incurred by City in excess of the self-insured retention are shared among 28 member agencies, providing incentives for all participants to control loss exposures.

The liability program offers broad-form coverage, contractual liability, personal injury and vehicles operations. Under this program, the City is currently self-insured for the first \$100,000 of any liability claim and is covered for up to \$30,000,000 in costs for each claim. The ABAG PLAN provides claims administration.

The ABAG PLAN property program offers a single, all-risk policy covering buildings and contents, boilers and machinery, data processing, vehicles and other coverage. The program carries a \$5,000 deductible per loss. Like many municipalities in California, the City has opted not to purchase insurance coverage for the risk of earthquake damage because it would be cost prohibitive.

ABAG support services include risk management, claims administration, actuarial studies, loss control training, financial and other administrative services, and comprehensive legal defense. ABAG also provides significant grant funding to member entities for safety improvement, risk mitigation and attainment of best practices. Examples of how ABAG risk management grants were put to use during FY 15-16 appear immediately below.

### FY 15-16 ACCOMPLISHMENTS

- Installation of Americans with Disabilities Act (ADA) compliant seating at CCC Amphitheater
- Relocation of CO2 tanks from interior mechanical room to an external area due to limited ventilation in original location
- Replacement of Aquatics Center safety "height" signs
- Establishment of insurance review and processing procedures to enhance efficiencies and achievement of City's risk management goals
- Replacement of concrete grinder with newer model including better safety features
- Purchase of Police Department driver training safety supplies (cones/delineators)

### **ACTIVITY GOALS**

#### FY 16-17

### Enhancing public safety

- Finalize Vehicle Use Policy
- Sidewalk maintenance and repairs
- Evaluate/enhance crosswalk and pedestrian safety
- Evaluate/enhance aquatic facility safety
- Aquatics Center audit and lifeguard training
- Driver Training of PD non-sworn officers

### **General Liability** (continued)

### Planning our community

- Enhance ADA accessibility at public facilities
- Installation of "Gold Fine" gravel to aid ADA access at the Community Garden

### Preserving and cultivating public trust

 The City will continue to work with the ABAG PLAN Risk Control Consultant to implement best practices and procedures for risk management, and will meet or exceed the minimum risk management program threshold ABAG PLAN has set for member cities

### Maintaining fiscal responsibility

 City operations will continue to emphasize safety issues and best business practices to minimize situations that cause insurance claims

### FY 17-18

### **Enhancing public safety**

Revise/update Sidewalk maintenance program standard operating procedure (SOP)

### Preserving and cultivating public trust

Revise/update Emergency Action Plan (SOP)

### Protecting the environment

Revise/update sewer/storm drain management program (SOP)

#### **FINANCIAL COMMENTS**

The City manages its risk through a shared pool of liability coverage with other similar legal entities through the ABAG PLAN. This enhances efficiency as ABAG is very familiar with the types of issues that confront local governments and the appropriate response to these situations. The fiscal policy of the City is to maintain a minimum reserve level for general liability equal to four times the City's self-insured retention amount for general liability claims, of which minimum reserve level equals \$400,000. The City currently maintains approximately \$575,000 in available assets within the General Liability internal service fund to cover its self-insured retentions for claims related to general liability and property damage, of which the amount equals approximately 144% of the reserve policy level for this fund.

# General Liability (continued)

Expenditure Details	14-15	15-16	15-16	16-17	17-18
			Year End		
Object Description	Actual	Amended	Projection	Recommended	Recommende
41100 SALARIES - GENERAL	31,729	47,976	51,119	56,188	60,768
41320 EARNED LEAVE LIABILITY	-	-	-	487	507
41620 RETIREMENT - GENERAL	5,584	8,561	9,152	10,190	11,328
41690 DEFERRED COMPENSATION	-	960	-	-	-
41700 GROUP INSURANCE	2,477	3,808	3,717	3,805	3,984
41701 MEDICARE	429	696	690	759	823
41730 INCOME PROTECTION INS	25	998	30	30	30
41760 WORKERS COMP	787	2,399	1,268	1,405	1,519
Salaries Total	41,031	65,398	65,976	72,864	78,959
42214 TELEPHONE	108	-	48	48	49
42217 SURETY BOND	797	917	949	996	1,046
42219 GENERAL LIABILITY INS	499,469	549,416	561,750	589,838	619,329
42220 PROPERTY INSURANCE	68,454	78,722	67,640	71,022	74,573
42231 CONTRACT SERVICES	20	100	-	-	-
42244 STATIONERY & OFFICE SUPPLIES	307	200	100	100	102
42246 COMPUTER SOFTWARE-NON CAPITAL	207	-	-	-	-
42250 ADVERTISING	599	-	-	-	-
42252 PHOTOCOPYING	39	200	50	50	5
42254 POSTAGE & FREIGHT	-	200	40	40	4
42257 PRINTING	59	60	-	-	-
42415 CONFERENCE & MEETINGS	1,368	2,000	150	1,500	1,530
42423 MEMBERSHIP & DUES	225	150	150	200	204
42539 CLAIMS FOR DAMAGES	237,697	373,636	175,000	266,761	280,099
42540 PROPERTY CLAIM	17,143	-	-	-	-
Supplies Total	826,491	1,005,601	805,877	930,555	977,025
43845 COMPUTER SOFTWARE	-	-	-	-	-
Capital Total	-	-	-	-	-
45004 BUILDING MAINT - CURRENT SERVICES	-	-	=	3,287	3,162
ISF Total	-	-	-	3,287	3,162
49321 TRANSFER OUT - EMPLOYEE BENEFITS FUND	-	1,280	1,280	1,550	775
Transfer Total	-	1,280	1,280	1,550	775
210 - General Liability Insurance Total	867,521	1,072,279	873,133	1,008,256	1,059,920



